

NEVADA SECRETARY OF STATE Quarterly Economic & Business Activity Report



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Q2 • 2013

Employment



vs. prior
quarter



vs. prior
year

New Entity Filings



vs. prior
quarter



vs. prior
year

Total List Filings



vs. prior
quarter



vs. prior
year

Unemployment



vs. prior
quarter



vs. prior
year



The Quarterly Economic & Business Activity Report provides a quarterly review and analysis of trends in economic and business activities. It is intended to provide a unique perspective on business investments and market conditions within the State of Nevada. Data contained herein is sourced to the Nevada Secretary of State and other reporting agencies, including the Nevada Department of Employment, Training and Rehabilitation.

Business Entity Filings Report Modest Gains in the Second Quarter of 2013

Economic Recovery Remains Slow and Measured

New Entity Filings *[Leading Indicator]*

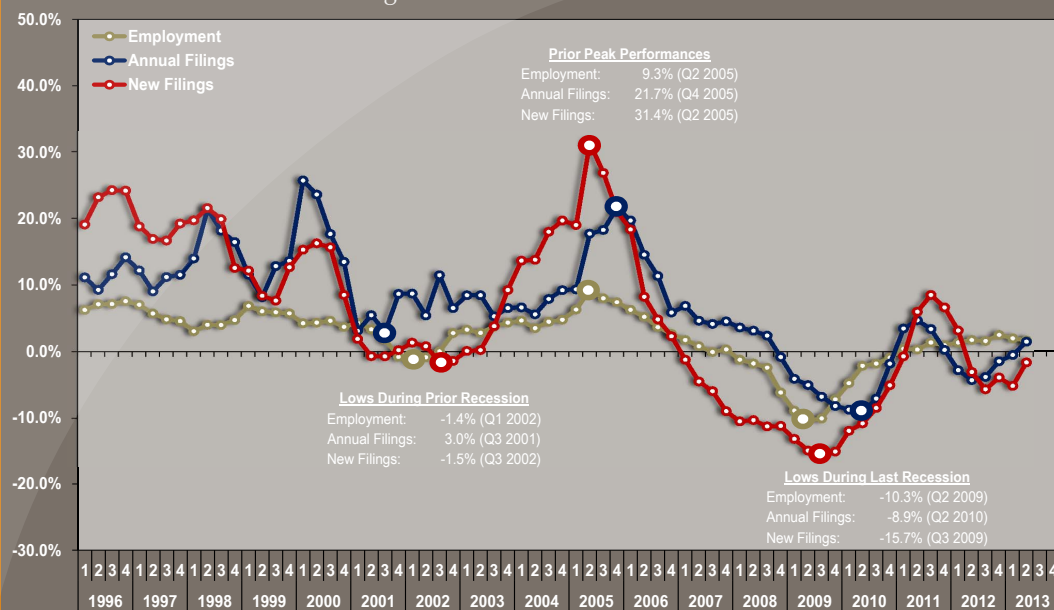
- New business entity filings totaled 14,568 in the second quarter of 2013. Compared to the prior quarter (Q1 2013), new filings remained relatively flat with an increase of 0.5 percent, while they increased by 2.0 percent compared to the same quarter last year (Q2 2012). In the past 12 months, there have been 56,078 new entity filings, down 1.6 percent from the prior 12-month period.
- Domestic (Nevada) new filings reached 13,615 during the quarter, representing an increase of 2.5 percent compared to the prior year. With 9,199 filings, Limited Liability Companies ("LLCs") reported an annual increase of 3.2 percent, while Corporation filings rose 1.5 percent to 4,250. The gains were partially offset by Limited Partnerships ("LPs"), which witnessed a 14.1-percent decline in new filings.
- Foreign (non-Nevada) new filings reported a year-over-year decline of 5.1 percent during the second quarter of 2013, falling to 953. Although LP filings increased 30.8 percent, Corporations declined by 6.1 percent and LLCs fell by 4.7 percent.

Total List Filings *[Lagging Indicator]*

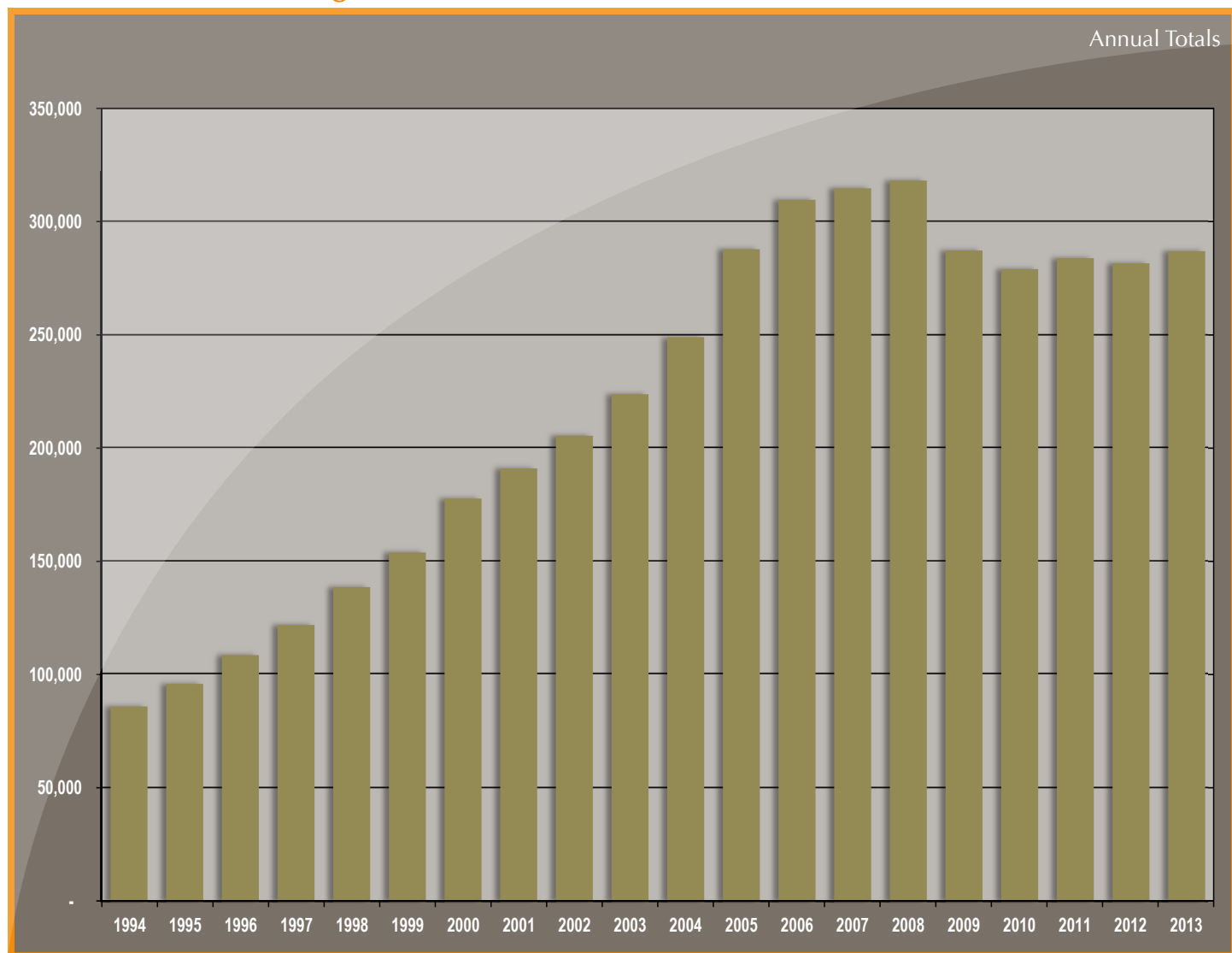
- Initial, annual and amended list filings also reported limited growth from the first quarter of 2013, rising 0.7 percent to 75,611. Compared to the second quarter of 2012, list filings increased a more respectable 3.2 percent. Annual gains in LLC filings (+6.5 percent) and Corporation filings (+0.3 percent) were partially offset by a 5.7-percent decline in LP filings.
- In the past 12 months 289,847 lists have been filed, representing an increase of 1.5 percent from the same period one year ago. Although LLCs increased by 5.2 percent, Corporations and LPs were down 1.4 percent and 7.1 percent, respectively.
- As of June 2013, 287,124 entities were considered to be in "good standing." The latest period represents a 1.6-percent increase from a year ago. Entities in good standing have reported annual increases for six consecutive months.

NEVADA EMPLOYMENT AND FILING COMPARATIVE ANALYSIS

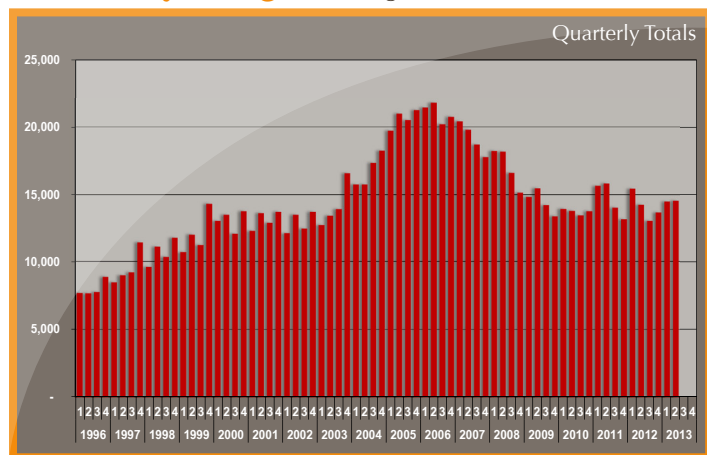
Trailing 12-Month Annual Growth Rates



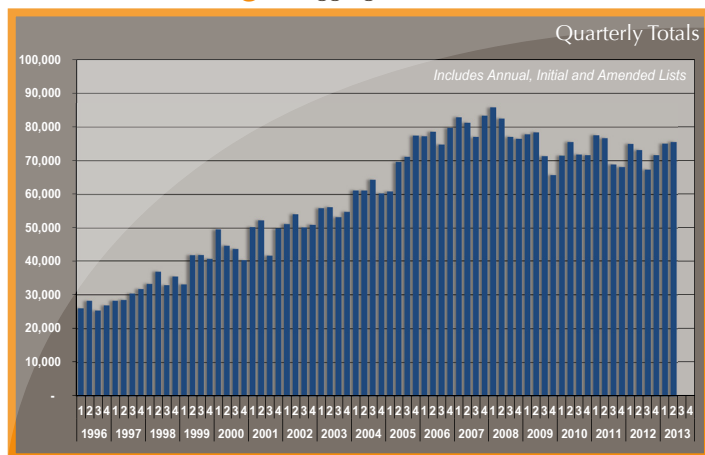
Entities in Good Standing



New Entity Filings [Leading Indicator]



Total List Filings [Lagging Indicator]



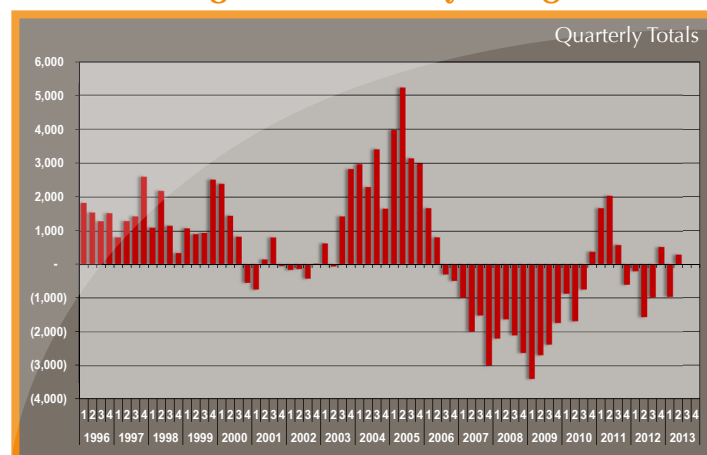
Quarterly Indicators ^[1]

Three Months Ended June 2013

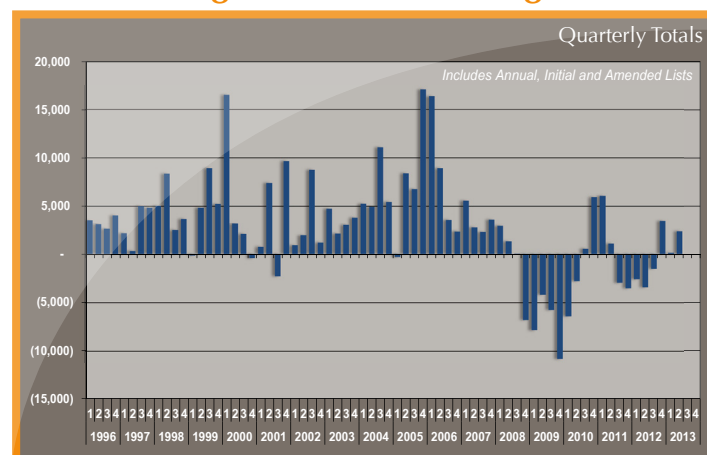
	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	33,003	33,104	(101)	-0.3% ▼	32,900	103	0.3% ▲
Limited Partnerships	3,226	3,147	79	2.5% ▲	3,422	(196)	-5.7% ▼
Limited Liability Companies	39,124	38,623	501	1.3% ▲	36,726	2,398	6.5% ▲
Limited Liability Partnerships and Business Trusts	258	243	15	6.2% ▲	232	26	11.2% ▲
TOTAL	75,611	75,117	494	0.7% ▲	73,280	2,331	3.2% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	4,250	4,305	(55)	-1.3% ▼	4,186	64	1.5% ▲
Limited Partnerships	134	111	23	20.7% ▲	156	(22)	-14.1% ▼
Limited Liability Companies	9,199	9,131	68	0.7% ▲	8,910	289	3.2% ▲
Limited Liability Partnerships and Business Trusts	32	29	3	10.3% ▲	30	2	6.7% ▲
TOTAL	13,615	13,576	39	0.3% ▲	13,282	333	2.5% ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	489	406	83	20.4% ▲	521	(32)	-6.1% ▼
Limited Partnerships	17	19	(2)	-10.5% ▼	13	4	30.8% ▲
Limited Liability Companies	444	484	(40)	-8.3% ▼	466	(22)	-4.7% ▼
Limited Liability Partnerships and Business Trusts	3	9	(6)	-66.7% ▼	4	(1)	-25.0% ▼
TOTAL	953	918	35	3.8% ▲	1,004	(51)	-5.1% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	4,739	4,711	28	0.6% ▲	4,707	32	0.7% ▲
Limited Partnerships	151	130	21	16.2% ▲	169	(18)	-10.7% ▼
Limited Liability Companies	9,643	9,615	28	0.3% ▲	9,376	267	2.8% ▲
Limited Liability Partnerships and Business Trusts	35	38	(3)	-7.9% ▼	34	1	2.9% ▲
TOTAL	14,568	14,494	74	0.5% ▲	14,286	282	2.0% ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,167,200	1,152,500	14,700	1.3% ▲	1,147,600	19,600	1.7% ▲
Unemployment [4]	9.9%	9.8%	0.1%	- ▲	11.5%	-1.6%	- ▼
Initial Jobless Claims	48,754	51,987	(3,233)	-6.2% ▼	51,542	(2,788)	-5.4% ▼
Bankruptcies - Chapter 7 [5]	2,544	2,277	267	11.7% ▲	3,143	(599)	-19.1% ▼
Bankruptcies - Chapter 11 [5]	58	59	(1)	-1.7% ▼	81	(23)	-28.4% ▼
Bankruptcies - Chapter 13 [5]	463	393	70	17.8% ▲	676	(213)	-31.5% ▼

[1] Indicator values reflect three month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending June 2013.

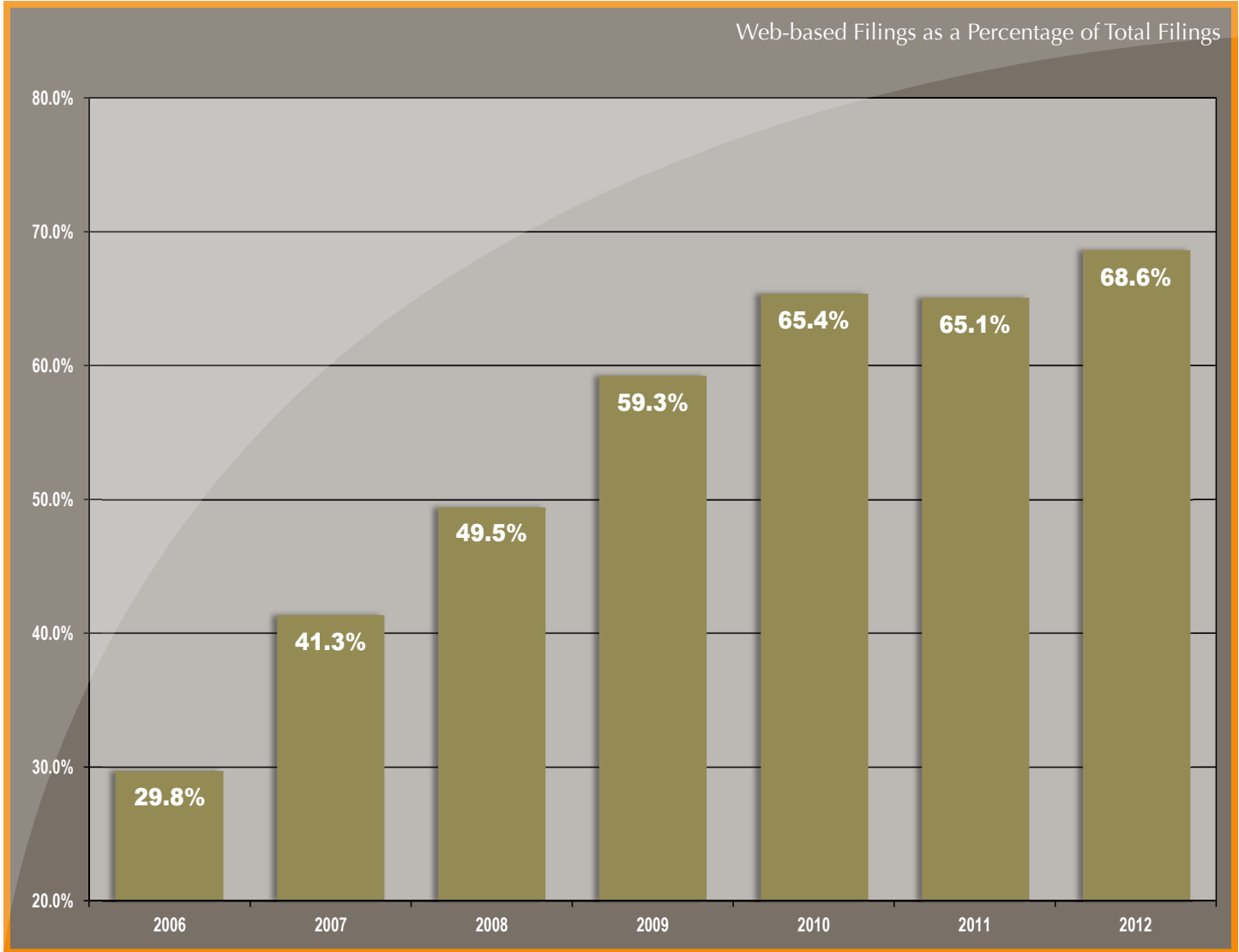
Annual Change in New Entity Filings



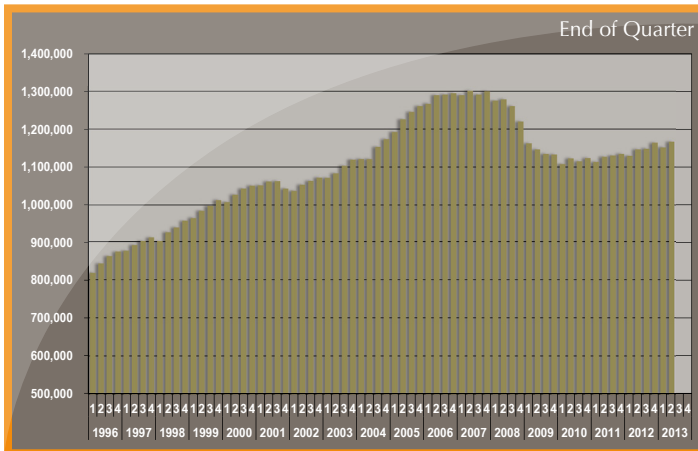
Annual Change in Total List Filings



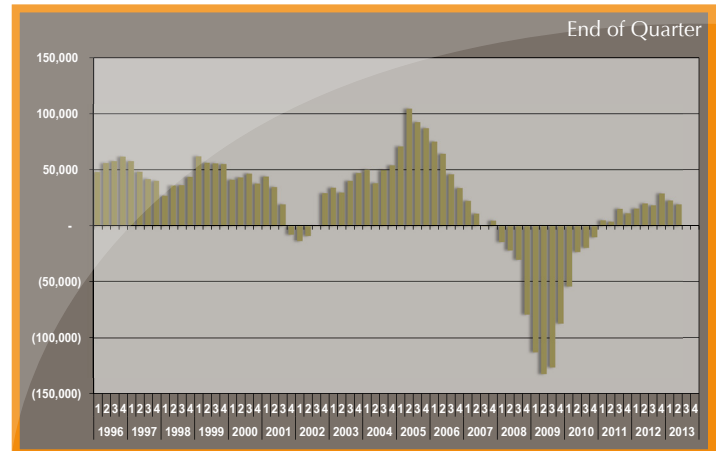
On-line Filing Utilization



Employment



Annual Change in Employment



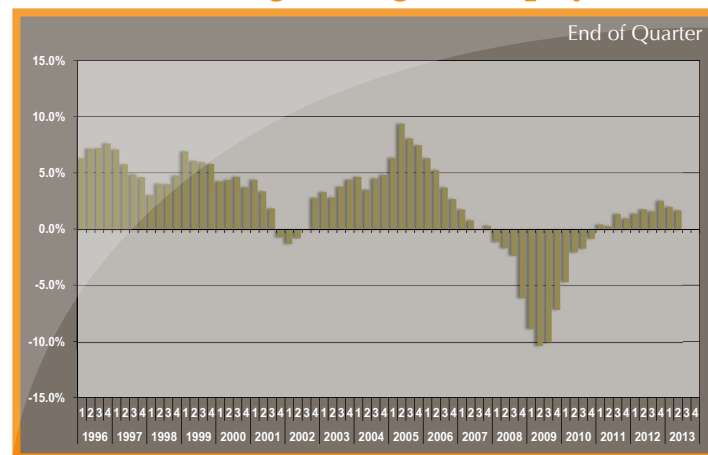
Annual Indicators ^[1]

Twelve Months Ended June 2013

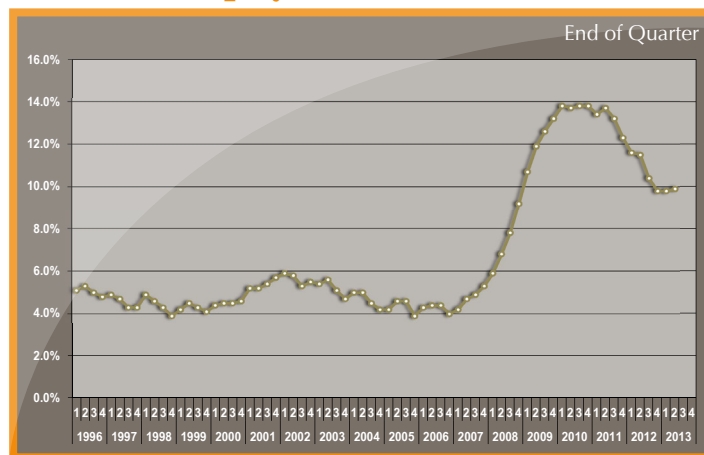
Current Quarter	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	129,172	129,069	103	0.1% ▲	131,070	(1,898)	-1.4% ▼
Limited Partnerships	13,088	13,350	(262)	-2.0% ▼	14,082	(994)	-7.1% ▼
Limited Liability Companies	146,592	144,194	2,398	1.7% ▲	139,400	7,192	5.2% ▲
Limited Liability Partnerships and Business Trusts	995	903	92	10.2% ▲	905	90	9.9% ▲
TOTAL	289,847	287,516	2,331	0.8% ▲	285,457	4,390	1.5% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	16,851	16,540	311	1.9% ▲	16,851	-	0.0% ➡
Limited Partnerships	613	635	(22)	-3.5% ▼	853	(240)	-28.1% ▼
Limited Liability Companies	34,737	34,448	289	0.8% ▲	35,306	(569)	-1.6% ▼
Limited Liability Partnerships and Business Trusts	129	127	2	1.6% ▲	116	13	11.2% ▲
TOTAL	52,330	51,750	580	1.1% ▲	53,126	(796)	-1.5% ▼
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	1,795	1,827	(32)	-1.8% ▼	2,029	(234)	-11.5% ▼
Limited Partnerships	71	67	4	6.0% ▲	72	(1)	-1.4% ▼
Limited Liability Companies	1,857	1,879	(22)	-1.2% ▼	1,733	124	7.2% ▲
Limited Liability Partnerships and Business Trusts	25	26	(1)	-3.8% ▼	22	3	13.6% ▲
TOTAL	3,748	3,799	(51)	-1.3% ▼	3,856	(108)	-2.8% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	18,646	18,367	279	1.5% ▲	18,880	(234)	-1.2% ▼
Limited Partnerships	684	702	(18)	-2.6% ▼	925	(241)	-26.1% ▼
Limited Liability Companies	36,594	36,327	267	0.7% ▲	37,039	(445)	-1.2% ▼
Limited Liability Partnerships and Business Trusts	154	153	1	0.7% ▲	138	16	11.6% ▲
TOTAL	56,078	55,549	529	1.0% ▲	56,982	(904)	-1.6% ▼
KEY ECONOMIC INDICATORS							
Employment [4]	1,167,200	1,152,500	14,700	1.3% ▲	1,147,600	19,600	1.7% ▲
Unemployment [4]	9.9%	9.8%	0.1%	- ▲	11.5%	-1.6%	- ▼
Initial Jobless Claims	210,606	213,394	(2,788)	-1.3% ▼	223,866	(13,260)	-5.9% ▼
Bankruptcies - Chapter 7 [5]	9,994	10,593	(599)	-5.7% ▼	13,449	(3,455)	-25.7% ▼
Bankruptcies - Chapter 11 [5]	231	254	(23)	-9.1% ▼	320	(89)	-27.8% ▼
Bankruptcies - Chapter 13 [5]	1,885	2,098	(213)	-10.2% ▼	3,271	(1,386)	-42.4% ▼

[1] Indicator values reflect twelve month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 12-months ending June 2013.

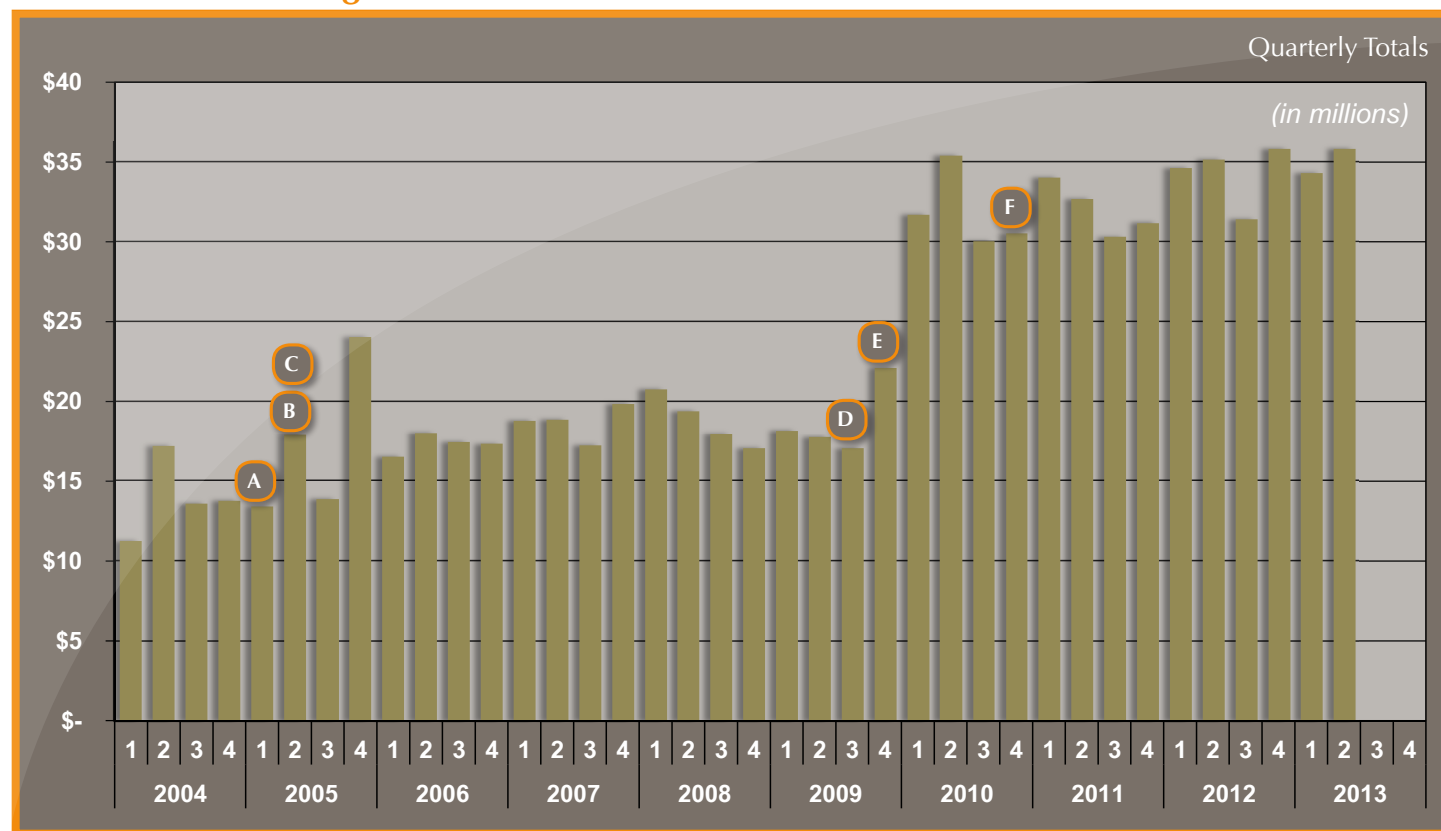
Annual Percentage Change in Employment



Nevada Unemployment Rate



Commercial Recordings Revenue



1991 – Major overhaul of Nevada business law, including the start of a business friendly environment (Delaware of the west), limited liability companies (LLCs) available in Nevada

1997 to 1998 – Implementation of floater division and changes in processes and staffing to reduce turnaround time from 8 to 10-plus weeks to 10 days or less

Q1 2001 – Height of filing increases preceding economic downturn and the events of September 11, 2001

October 1, 2001 – Fee increases in response to economic downturn, representing the first fee increases in 10 years; filing fees for articles rose from \$125 to \$175; initial lists increased from \$85 to \$165; and other fee increases were implemented

October 1, 2003 – Another significant fee change occurred: annual lists increased from \$85 to \$125 with a maximum of \$11,100 based on capitalization; new filings fee decreased from \$175 to \$75 and the maximum raised from \$25,000 to \$35,000 based on capitalization

- A January 29, 2005** – Implementation of e-SoS processing system for commercial recordings
- B April 2005** – Implementation of online services for initial, amended and annual lists
- C Q2 2005** – Peak of new filing increases
- D July 1, 2009** – Nevada state business license fee increased from \$100 to \$200 annually
- E October 1, 2009** – Nevada state business license authority transferred from the Department of Taxation to the Secretary of State of Nevada
- F December 2010** – Implementation of online articles services allowing customers to file new domestic corporations and limited liability companies (LLCs) online



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Ross Miller became the youngest Secretary of State in America and the youngest in Nevada history when he was elected in 2006. Unanimously selected by his peers to serve as President of the National Association of Secretaries of State for 2012, Ross' record of achievement since taking office reflects a true commitment to accountability and results. His accomplishments reflect a combination of enthusiasm for the job, and a vision for serving his constituents.



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Analyst's Assessment

“ Employment in Nevada continued to report annual growth in the second quarter, with 19,600 jobs added in the 12 months ending June 2013. Professional and business services was the only sector to report a year-over-year decline during the month, down 800 jobs from a year ago, while the information and other services sectors witnessed no change. Trade, transportation and utilities; education and health services; and leisure and hospitality continued to be the top job-producing private sectors in terms of annual employment growth. Trade, transportation and utilities alone added 5,100 jobs in June. The latest increase was due to gains in retail trade (+2,000 jobs); wholesale trade (+1,800 jobs); and transportation and warehousing (+1,300 jobs). Meanwhile, the education and health services sector tacked on an additional 4,500 employees, while leisure and hospitality gained another 3,900 jobs.

After witnessing a 6.2-percent year-over-year decline in the first quarter of 2013, new entity filings increased 2.0 percent in the second quarter, suggesting gains in employment may be partially tied to new business creation. Although more people are working overall, employee workloads appear to be taking a hit. Private sector average weekly hours worked per week fell for the sixth consecutive month in June of 2013 to 33.8. The latest trends suggest that while broader economic conditions appear to be improving, some headwinds are creating challenges. More specifically, we need to be cognizant of the impacts of rising interest rates, Federal monetary policy going forward and the overall productivity of Nevada workers.”

- **Jeremy Aguero**
Principal Analyst, Applied Analysis

Domestic (Nevada) Entities vs. Foreign (Non-Nevada) Entities – A domestic entity is an entity created pursuant to Nevada Law that may or may not have nexus in Nevada. Its formation documents are on file and a matter of public record in the office of the Secretary of State. A foreign entity is an entity created pursuant to the laws of a jurisdiction other than Nevada, which is qualified to do business in Nevada. Generally, most foreign entities have some sort of nexus in Nevada because they qualify so they may conduct business in Nevada.

Leading vs. Lagging Indicators – Generally, a lagging indicator is a measurable economic factor that changes after the economy has already begun to follow a particular trend or pattern. A leading indicator is a measurable economic factor that changes before the economy starts to follow a particular trend or pattern. Leading indicators can be used to predict changes in the economy. In this instance, new business entity filings provide directional insight into investments and business formation in the State of Nevada.

Information contained herein has been obtained from various sources deemed reliable. We have no reason to doubt its accuracy, but we do not guarantee it. **Applied Analysis** is a Nevada-based advisory services firm founded in 1997. We are an information and analysis resource for both the public and private sectors. Our team has extensive experience in economics, real estate, hospitality, gaming, information technology and finance. We apply this knowledge in an effort to develop creative solutions to our client's challenges. To put it simply, we are a solutions resource. Our firm is guided by our core values – integrity, diligence and dedication. Our future is branded by the success of our clients and the quality of our professionals. Our commitment lies therein.

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